

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00
FEAE-00 FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04
TRSE-00 ACDA-07 /130 W
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R 211906Z DEC 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 6051
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY JAKARTA
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USINT BAGHDAD

C O N F I D E N T I A L CARACAS 14685
EO 11652: GDS
TAGS: ENRG OPEC QA, SA VE
SUBJ: FURTHER VENEZUELAN REACTION TO OPEC PRICE DECISION

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1. ON DEC 20 EMBOFFS INTERVIEWED AREVALO
REYES, GOV VICE MINISTER OF MINES AND HYDROCARBONS
REGARDING OPEC PRICE DECISION. REYES SAID IT WAS TOO
EARLY TO MAKE ANY DEFINITIVE STATEMENTS BUT SAID HE PERSONALLY FELT
IT WOULD NOT AFFECT VENEZUELAN PRODUCTION SIGNIFICANTLY. HE SAID
INCREASED WORLD DEMAND WOULD MAKE PRICE DIFFERENCE

ALMOST SYMBOLIC.

3. IN REYES OPINION SAUDIS WILL NOT FLOOD THE MARKET. HE ANTICIPATED SOMETHING ON ORDER OF FIVE PERCENT INCREASE IN SAUDI PRODUCTION. IF ONE PRESUMED SUCH INCREASE WOULD AFFECT ALL OPEC MEMBERS PROPORTIONALLY, VENEZUELA MIGHT LOSE MARKET OF 50,000 BARRELS PER DAY.

4. REYES FEELS THAT RECENTLY NEGOTIATED VENEZUELAN-USSR CRUDE SWAPS DESIGNED TO REPLACE CUBAN IMPORTS OF SOVIET CRUDE WITH VENEZUELAN CRUDE WOULD BE SERIOUSLY JEOPARDIZED.

5. WITH REGARD TO VENEZUELAN SHIPMENTS TO U.S., REYES FORESEES LITTLE CHANGE IN OFFING INASMUCH AS LARGE PORTION OF VENEZUELAN SHIPMENTS TO U.S. ARE PRODUCT RATHER THAN CRUDE.

6. IN ANOTHER DEVELOPMENT PRESIDENT PEREZ WAS AGAIN BESIEGED BY THE LOCAL PRESS DECEMBER 20 DURING THE ANNUAL XMAS PARTY OF ACCION DEMOCRATICA. IN RESPONSE TO QUESTIONS THE PRESIDENT DENIED THAT OPEC HAD SUFFERED "IRREVERSIBLE DAMAGE". "I DO NOT KNOW WHY", HE SAID, "ANYONE SHOULD THINK THAT AN ORGANIZATION NOT SERVING THE INDIVIDUAL INTERESTS OF ITS MEMBERS BUT THE JUST CAUSE OF THE THIRD WORLD WILL DISINTEGRATE BECAUSE OF DIFFERENCES OF OPINION WITH REGARD TO THE PERCENTAGE PRICE INCREASE PER BARREL." PEREZ RADIATED OPTIMISM AND SAID VENEZUELLANS SHOULD NOT CONFIDENTIAL

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WORRY ABOUT THE FUTURE OF THEIR OIL AND THAT OIL SALES PROJECTIONS WOULD NOT SUFFER. HE BLAMED THE INDISTRIALIZED COUNTRIES AND THE INTERNATIONAL PRESS AGENCIES FOR WAGING "AN IMPLACABLE CAMPAIGN" AGAINST OPEC. IN RESPONSE TO A SPECIFIC QUESTION, PEREZ SAID VENEZUELA BORE NO ILL FEELING TOWARD THE U.S., WHICH RECOGNIZES THE STRATEGIC ROLE VENEZUELAN OIL PLAYS IN ITS ECONOMY. VAKY

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